United Nations A/56/158

General Assembly

Distr.: General
3 July 2001

Original: English

Fifty-sixth session
Item 21 (b) of the preliminary list*
Strengthening of the coordination of humanitarian and disaster relief assistance of the United Nations, including special economic assistance: special economic assistance to individual countries or regions

International assistance to and cooperation with the Alliance for the Sustainable Development of Central America

Report of the Secretary-General

I. Introduction

1. The present report is being submitted pursuant to General Assembly resolutions 49/21 I of 20 December 1994, 50/58 B of 12 December 1995, 52/169 G of 16 December 1997 and 54/96 E of 22 December 1999. It describes the international cooperation activities of the United Nations Development Programme (UNDP) and other organs, organizations and programmes of the United Nations, carried out during the period from August 1999 to April 2001, in support of the efforts of the Central American countries to implement a new sustainable development strategy in the region.

2. The General Assembly, in resolution 49/21 I, emphasized the need to design and implement a new programme of international cooperation for Central America, based on the priorities laid down in the Declaration of Commitments adopted by the Follow-up Committee of the International Conference on Central American Refugees and in the Alliance for the Sustainable Development of Central America (ALIDES). The General Assembly supported the efforts of Central American Governments in their commitments to the alleviation of extreme poverty and the fostering of sustainable human development, and urged them to intensify their efforts to implement policies and programmes in those areas. It further stressed the need for the international community to continue its support for those efforts and requested the Secretary-General, the United Nations system and, in particular, UNDP, to continue their efforts to mobilize resources in order to effectuate the new strategy for integral development in Central America; and urged all States, intergovernmental organizations, international financial institutions, the organs and specialized agencies of the United Nations system and regional and subregional organizations to continue the necessary support for the implementation of the goals and objectives of the new strategy for integral development in Central America.

3. In resolution 50/58 B, the General Assembly emphasized the importance of supporting and strengthening the new programme for international cooperation and assistance for Central America and reiterated that only by solving the political, economic, social and environmental problems that are the cause of tensions and conflicts in society would it be possible to

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avoid a reversal of achievements and guarantee a firm and lasting peace in Central America.

4. In resolution 54/96 E, the General Assembly emphasized the importance of supporting and strengthening the efforts of Central American countries to implement the Strategic Framework for the Reduction of Vulnerability and Disasters in Central America, adopted by their Presidents in 1999, and the projects and programmes of the Central American Five-Year Plan for the Reduction of Vulnerability to and the Impact of Natural Disasters (see A/54/630, annex). It noted with satisfaction the progress achieved towards the implementation of the UNDP subregional cooperation programme in Central America and the initiative to introduce the new and innovative approach of the Meso-American Biological Corridor. It also recognized the importance of the preparations made regarding the meeting of the Inter-American Development Bank (IDB) Consultative Group on the regional aspects of the reconstruction and transformation of Central America, to be hosted by the Government of Spain in Madrid in 2000. It again stressed the need for the international community to maintain its cooperation with the Central American countries to support the promotion of sustainable development and the consolidation of peace, freedom and democracy in the region.

5. The meeting of the Regional Consultative Group for strengthening integration and cooperation in Central America was held in Madrid, on 8 and 9 March 2001, presided over by IDB and hosted by the Government of Spain. The main theme of the meeting was the revision of the regional strategy for strengthening regional integration and cooperation and their contribution to the reduction of poverty, the acceleration of sustainable growth and the fostering of competitiveness in order that the region may compete with efficiency in world markets. The Secretary-General of the Central American Integration System (SICA) presented the regional strategy entitled "The transformation and modernization of Central America in the twenty-first century". During the meeting, representatives of SICA presented reports on progress made in the implementation of the national plans for reconstruction and transformation, after two years of the meeting held in Stockholm, on behalf of the Central American Governments, the Follow-up Group of Stockholm, IDB and the Central American civil society. At the meeting, there was consensus that there had been meaningful progress in the implementation of the principles of the Stockholm Declaration. However, the impact of hurricanes Mitch and Keith and the earthquakes in El Salvador highlighted the social and ecological vulnerability of the Central American region to natural disasters and the need to redouble the efforts to ensure long-standing and integral solutions to the development problems of the region.

6. The present report will make reference to the efforts being made by the Central American Governments and people to recover from the devastation of natural disasters and to utilize the reconstruction process as an opportunity to transform their societies within the framework of ALIDES and to catalyse further international support for their national efforts to make the region a zone of peace, freedom, democracy and development.

II. The macroeconomic framework

7. According to the Economic Commission for Latin America and the Caribbean (ECLAC), the pace of growth of the Central American economy showed a meaningful slowdown in 2000. The average gross domestic product (GDP) for the Central American region grew at an annual rate of 2.8 per cent, lower than the 4.5 per cent of the preceding year and the 5.2 per cent of 1998. Consequently, the per capita GDP increased by only 0.3 per cent. The trend was strongly influenced by the downturn of the Costa Rican economy. In fact, if this country is excluded, the GDP of the four other economies (El Salvador, Guatemala, Honduras and Nicaragua), rose from 3.1 per cent in 1999 to 3.4 per cent in 2000. The region was affected by external and fiscal imbalances, although they were not detrimental to macroeconomic stability. The GDP of Panama increased by 2.5 per cent in 2000, lower than in 1999 (3.0 per cent), after a growth of more than 4 per cent during the two preceding years; the GDP per capita grew by only 0.9 per cent. For its part, the Belizean economy increased its GDP by 6.0 per cent in 2000, slightly lower than the 6.4 per cent in 1999, after a low of 1.3 per cent in 1998; the rate of the GDP per capita in 2000 was a strong 3.3 per cent.

8. The moderate evolution of the Central American economy was largely determined by a smaller increase in regional exports and fiscal and monetary policies oriented to preserving economic growth without sacrificing internal and external stability, in addition to

the uncertainty created by an electoral year in Nicaragua and the change of administration in Guatemala. In fact, the economic policy attenuated increases in internal demand, reducing private investment and generating modest growth in public consumption. In general, the Governments that achieved a reduction in their expenditures diminished their capital investments.

9. Regional economic activity was affected by the higher cost of fuels, lower availability of credit and high financial costs, as well as an increase in utility rates. However, the decrease in the import prices of various goods represented a counter-effect, particularly in the case of capital goods and non-durable consumption goods. The two more dynamic economies of the last few years, Costa Rica and El Salvador, showed a weakened pace in their expansion (1.4 per cent and 2.5 per cent respectively), the first one due to a fall in exports and the second largely to the restrictive monetary policy adopted to control inflation and preserve the stability of the exchange rate. During the first year of the new administration, Guatemala achieved practically the same rate of growth (3.5 per cent) than in the preceding period. The Honduran economy showed a significant resurgence (3.8 per cent), after a contraction of almost two percentage points in the preceding year. This result was the result of an increase in internal demand that included the investments made in the framework of the process of reconstruction after the disaster provoked by hurricane Mitch in 1998. In Nicaragua, the economy grew by 5.3 per cent in 2000, two percentage points lower than in 1999. Internal demand was constrained by a reduction in private investment in the face of lower credit and high financial costs. The uncertainty of an electoral year and fiscal and monetary policies adopted during the first part of the year also influenced this outcome.

10. Central American exports of goods (f.o.b.) diminished considerably, growing at a rate of 2 per cent in 2000 compared with 6.4 per cent in 1999. All countries except Costa Rica, which registered a fall of 11 per cent, showed increments mainly determined by non-traditional exports and the development of maquila activities in free trade zones. The decision by the United States of America to grant new tariff benefits in the framework of the Caribbean Basin Initiative (CBI) until September 2008 had great importance. The principal traditional exports grew by only 2.6 per cent, after a fall of 22.4 per cent in 1999. Coffee exports recuperated (8.5 per cent) as did meat products (12.4 per cent) while banana and sugar decreased (5.8 per cent and 6.3 per cent respectively). Panamanian exports grew by 7.1 per cent in 2000, recuperating from a slump in 1999 that had been due to fewer purchases by Latin American countries that had affected the re-exporting activity of the Colon Free Zone.

11. Imports of goods by Central America (c.i.f.) showed a rate of growth in 2000 (7 per cent) higher than in the preceding year (4 per cent). With the exception of Nicaragua, external purchases grew in all countries. The increase in petroleum prices largely contributed to a rise in the value of imports because the region showed fewer purchases of capital goods and the increases in imports of consumption goods were moderate compared with a virtual standoff in 1999. Petroleum prices were a key factor in the deterioration of the terms of trade.

12. In 2000, the regional deficit in the current account reached $3,424,200,000 (equivalent to 6.1 per cent of the regional GDP), showing an increment of $250 million compared with 1999. With the exception of Costa Rica and Nicaragua, the trade deficit in goods and services increased considerably in all countries. External capital inflows were lower than in 1999, also in the form of foreign direct investments (FDI) but private transfers, mostly family remittances, which maintained their expansive trend, had an important positive effect on the majority of countries. In spite of reductions in the capital and financial accounts, the region increased its net international reserves, improved the dollar value of its monetary base and achieved exchange rate stability.

13. The Central American external public debt reached $19,340,000,000, showing a nominal reduction (2 per cent) for the first time since 1997. In Panama, the outstanding external debt showed a slight increase (2.5 per cent). It should be mentioned that, in 2000, Honduras and Nicaragua achieved the so-called "decision point" to be included in the International Monetary Fund (IMF) and World Bank Highly Indebted Poor Countries Initiative (HIPC). A meaningful reduction in their levels of debt could be achieved by fulfilling certain requirements concerning the reduction of social and ecological vulnerability, transparency in the use of public resources, strengthening of the financial sectors and achievement of progress in governance as well as participation of civil society.

14. Inflation maintained the same value as in 1999 despite an increase in international petroleum prices. The annual rate fell slightly in Honduras (from 10.9 per cent to 10.6 per cent), it remained practically unchanged in Costa Rica and Guatemala (around 10 per cent and 5 per cent respectively) and rose in El Salvador (to 4.3 per cent after the deflation of 1 per cent in 1999) and Nicaragua (from 7.2 per cent to 9.9 per cent). The inflation index in Panama was 1.4 per cent compared with 1.5 per cent in 1999. The exchange rate situation did not show major alterations.

15. In 2000, Central American countries continued to promote economic policies mainly oriented to preserving the results in macroeconomic stability achieved in the preceding years. In general, the setting of economic policy continued to be framed within the programmes of financial support agreed upon with the international financial institutions, especially IMF, which facilitated access to new financial resources and, in some cases, restructuring or reduction of the external debt. The fiscal gap as a proportion of GDP expanded slightly as a consequence of a slowdown in economic activity and tariff reductions, salary increases in the public sector and expenditures in infrastructure and social areas. It is important to underline that the persistence of fiscal deficits and a high level of internal indebtedness in some countries (especially in Costa Rica) represented a considerable load for public finance.

III. Cooperation activities

16. In response to the request submitted to the General Assembly by Central American Governments, in 1996, UNDP launched a new programme for subregional cooperation in Central America, following consultations with Governments, Central American civil society organizations and cooperation agencies, and taking into account the priorities established by Central American Presidents in their summit meetings.

17. The subregional programme focused on three areas of concentration, namely: peace and democratic governance; economic and social development; and environmental sustainable development. The programme was initiated with seed resources from UNDP, which were later supplemented by generous donations from bilateral donors.

18. The UNDP subregional programme and the national programmes of United Nations agencies were reviewed in the context of the dialogue and agreements established at the second Consultative Group Meeting for the Reconstruction and Transformation of Central America, co-hosted by the Inter-American Development Bank and the Government of Sweden, held in Stockholm, from 25 to 28 May 1999. At that meeting, the Governments of the region, the principal donors and civil society representatives renewed their commitments to democratic change and sustainable human development in Central America. The Stockholm Declaration expresses the shared commitments to reducing the social and ecological vulnerability of the peoples of the region as the principal objective; the reconstruction and transformation of Central America on the basis of an integrated focus on transparency and governability; consolidation of democracy and good governance, reinforcing the process of decentralization with the active participation of civil society; promotion of human rights as a permanent objective, with special attention to gender equality and the rights of children and of ethnic groups. Commitments were also made regarding the coordination of donor activities and renewal of efforts to reduce the external debt of countries in the region.

19. The programmes also were reviewed during the preparations and the conclusions of the Regional Consultative Group for strengthening integration and cooperation in Central America, held in Madrid in March 2001, as referred to above. The four main objectives at the regional level are: (a) the reduction of social, economic and environmental vulnerabilities; (b) the transformation of productive sectors; (c) sustainable management of natural resources; and (d) increased participation of civil society in development.

20. It should be highlighted that the United Nations system worked as a team in accompanying the countries of the region in their preparation for the consultative group meetings and acted in a coordinated way to adapt their cooperation programmes to fit the new development situation and priorities established by the concerned countries.

IV. Peace and democratic governance

A. Support for consensus-building processes

21. At the regional level, the UNDP project entitled "State of the region", whose regional report was released by SICA in mid-1999, continued to carry out systematic follow-up on the process of human development and integration in Central America. The project was produced on the basis of broad consultations to provide updated, reliable information on achievements in fostering sustainable human development in the subregion during the post-conflict period, as a contribution to the informed participation of diverse members of civil society in the development process. The final phase of the project focused on dissemination and debate with respect to the report's findings, among Governments, civil society organizations, communities and the private sector. National workshops and regional meetings were held with the participation of high-level government and political leaders, representatives of civil society and community organizations.

22. At the national level, the United Nations system in El Salvador, Guatemala and Nicaragua continued to promote the consolidation of peace and consensus-building on the reforms needed to address the root causes of the Central American conflict. UNDP has played a central role in mobilizing external and internal resources for peace and in coordinating United Nations and international assistance for peace processes. In addition, it has worked alongside its partners within the United Nations system, especially the Department of Political Affairs of the Secretariat, to facilitate the formulation of common positions on key issues related to the peace processes on behalf of the United Nations and the international community. The United Nations Children's Fund (UNICEF) has supported post-conflict activities, the implementation of the Convention on the Rights of the Child, women's and human rights and the promotion of human development.

23. In El Salvador, the United Nations system has assisted in the dialogue between the Government and civil society regarding the proposals for the process of transformation and reconstruction, which takes into consideration various post-conflict issues. It is noteworthy that, after the closing of the United Nations "support unit" on 30 June 1998, UNDP has been responsible for following up pending issues related to the peace process, and assisting the parties in implementation, in close collaboration with the donors.

24. In Guatemala, support for to the implementation of the peace agreements constitutes the mandate for the work of the United Nations system in the country, from the verification of the fulfilment of the accords by the United Nations Verification Mission in Guatemala (MINUGUA) to diagnostic studies and implementation of cooperation projects. Consensus-building activities entail the functioning of participatory governance mechanisms for managing the implementation of the peace agreements. These mechanisms allow key affected parties to have a voice in monitoring the fulfilment of the commitments and in ensuring that the root causes of the conflict are addressed. One example of such mechanisms in Guatemala is UNDP support for the Technical Commission for the Implementation of the Resettlement Agreement (CTEAR). As Resident Coordinator, the Resident Representative of UNDP participated in CTEAR, representing the donor community. Another mechanism is the Fiscal Pact, an instrument that aims at achieving consensus on the basic principles that orient decisions to meet the targets set up in the peace agreements. UNDP has acted as a technical secretariat and, together with the IMF and IDB, among others, facilitates the preparation of technical proposals.

25. The United Nations system actively assisted in facilitating spaces for reaching consensus on key post-conflict development issues in Nicaragua. UNDP gave support to the National Council for Economic and Social Planning in the National Dialogue (2000), at the request of the President of Nicaragua at the Consultative Group Meeting held in Washington, D.C., on 23 May 2000. It also facilitated the broad process of consultations and dialogue between the Government and civil society, and between them and the international community regarding the strategies for national transformation and reconstruction in preparation for the Consultative Group. For its part, the UNICEF social policy and community development programme supports in Nicaragua the formulation of public policies which are consistent with national agreements based on State-civil society consensus to improve income distribution and guarantee the fulfilment of economic and social rights.

26. In Honduras, in 2000, UNDP assisted in the creation of the Forum for Strengthening Democracy, an

initiative that received the support of the international community and aims at facilitating a serious discussion on the main development problems of the country and at achieving a long-term social consensus. Other important mechanisms are the process of concerted action related to the Strategy for Poverty Reduction where civil society organizations participate, and the Consultative Group for National Reconstruction and Transformation. The United Nations system participates in the G-8, together with other members of the international community, facilitating the coordination of international cooperation and follow-up to the Stockholm Declaration regarding activities that involve the Government and civil society.

27. UNDP provided support in Panama for the National Dialogue for the Expansion of the Panama Canal (2000), at the request of the Presidency of the Republic and the Panama Canal Authority. More than 25 organized sectors participated in a process of consultation where options regarding the future of the Panama Canal were discussed, including new investments to allow navigation of ships with larger freight capacities.

28. In Costa Rica, the preparation of the report on the state of the nation, sponsored by UNDP and the European Union, constituted a forum for discussion and consensus-building on important issues of public policy.

B. Strengthening of democratic institutions

29. At the regional level, the UNDP/Government of Spain Trust Fund is in its final phase. The resources were allocated to the promotion of reform and institution-building in the areas of justice, public defence, public security, decentralization and fiscal administration.

30. Several bilateral donors have granted financial resources to UNDP for strengthening democratic institutions at the national level. In Guatemala and Honduras, multi-year governance programmes were formulated and began to be implemented on the basis of a grant worth over $50 million from the Government of Sweden. The programmes include support for the creation and strengthening of human rights institutions, the courts, public defenders' offices and other governmental and non-governmental organizations.

31. A priority area of work of the United Nations system in Central America is the strengthening of civil society organizations and human rights. Having finalized the programme "Partners for development" (1996-1999), UNDP/Guatemala initiated in 2001 the implementation of programmes in the area of human rights, justice and reconciliation. The Programme to Strengthen the Rule of Law continued to be jointly implemented in 2000 by UNDP and MINUGUA. A second phase was initiated with support from the Government of Norway, broadening the perspective to include human rights and national reconciliation, stimulating initiatives from civil society to implement the recommendations of the Truth Commission, which delivered its report in 1999. In 2000, there was also close collaboration between UNICEF and MINUGUA. Both organizations together prepared the first verification report on children, entitled "The situation of children and adolescents in the framework of the Guatemalan peace process".

32. Also in the area of human rights, in Guatemala, UNDP and the Office of the High Commissioner for Human Rights (OHCHR) have jointly implemented a project entitled "Strengthening national capacity in the area of human rights", from September 1997 to June 2000. This unique initiative implemented a training programme for the members of governmental and non-governmental organizations in order to promote the application of international human rights instruments. It also entailed support for the institutional capacity of the Office of the Human Rights Ombudsman to receive and investigate denunciations of human rights violations, including those of indigenous peoples and communities.

33. The cooperation of the United Nations system achieved important outcomes in the area of justice. The UNDP project entitled "Strengthening of the rule of law/the judiciary/justices of the peace" in Guatemala (November 1998 to December 2000) improved access to justice by contributing to the modernization of the structure of the judiciary, the training of judges and the establishment of a system of alternative conflict resolution. The programme helps to consolidate the rule of law and the peace process; it supports the Supreme Court and the Commission for the Strengthening of Justice. That Commission became an important instrument in the evaluation of the judicial reform process in Guatemala. It is important to underline that, in that country, the modernization of the

justice sector is carried out in a coordinated manner with the intense participation of the international community.

34. The improvement of public security is another problem that receives priority cooperation. In Guatemala, efforts have been made since 1998 to strengthen the Ministry of the Interior and the Justice Sector Modernization Coordinating Group (ICMSJ) as multisectoral interlocutor in matters of criminal justice. In addition, support was given to the deployment of the National Civil Police and the strengthening of the penitentiary system. In the same context, technical assistance was provided for the new civil police force in fulfilment of one of the provisions of the peace agreements.

35. With respect to the demobilization and the integration of ex-combatants, UNDP plays an important role in preventing or minimizing future social conflict by helping to find alternative means of support in a productive manner. This is especially important in post-conflict societies such as El Salvador and Guatemala.

36. Decentralization and strengthening of local governments are essential elements for empowering communities and for democratization. The area includes models for political and fiscal decentralization, participatory mechanisms for strategic planning at the local level, land-use management, development of social capital and training of municipal leaders. Various agencies of the United Nations system have experience in this area including the Pan American Health Organization/World Health Organization (PAHO/WHO), UNDP, UNICEF, the United Nations Population Fund (UNFPA), the World Bank and the World Food Programme (WFP). They play an important role in assisting rural populations and local communities with a participatory approach, building local capacity for managing development and strengthening municipalities. In Nicaragua, the United Nations system is sponsoring a programme for rehabilitation of human settlements that will be implemented by UNDP, UNICEF, WFP, the International Organization for Migration (IOM) and UNFPA. In Honduras, the system finances projects elaborated by the communities themselves. In El Salvador, the United Nations system has worked with the local authorities to strengthen their capacity to manage the process of development planning with the participation of various sectors. In Guatemala, the United Nations system assisted the Government in designing a national decentralization strategy, which was discussed nationally and is facilitating access to long-term credit for municipal authorities. Training on strategic planning and financial administration in municipalities is also provided. In Panama, UNDP, UNFPA and UNICEF are jointly giving support to the Coalition for Decentralization and Local Development (CONADEL), which includes representatives of municipalities, indigenous organizations and academic institutions.

37. In Guatemala, specific programmes are implemented by the United Nations system for the resettlement of uprooted population groups and on the identity and rights of indigenous peoples. Since 2001, UNDP has facilitated the implementation of recommendations of the Historical Clarification Commission related to the exhumation of the bodies of the victims of the armed conflict. It provides support for reconciliation at the community level in the conflict zone (ARZOC), and in the establishment of a land strategy, having mobilized resources from bilateral and multilateral institutions totalling more than $80 million.

V. Economic and social development

A. Social vulnerability and poverty eradication

38. At the Stockholm Consultative Group Meeting, the Governments of the Central American countries agreed that the overriding goal of the reconstruction and transformation of the region lies in the reduction of social and ecological vulnerability. The disaster caused by hurricane Mitch and its disproportionate effect on the region's poor showed that the reduction of "vulnerability" must be based on an integrated, multidimensional approach, covering a wide array of developmental issues. It means addressing poverty alleviation, education, health, food security and environmental risks, as well as inequality based on income, gender or ethnicity. In 2000, the United Nations system made considerable progress in this area through the Resident Coordinator system, working as a team in support of the Governments and societies of Central America. Common Country Assessments (CCAs) were completed in Costa Rica, Guatemala, Honduras, Nicaragua, and Panama.

39. UNDP, in partnership with ECLAC, the World Bank, and the Inter-American Development Bank, has completed a series of diagnostic studies that served as a basis for preparing national poverty reduction strategy papers. Support was provided for the participation of Honduras and Nicaragua in HIPC, including assistance to those Governments in creating mechanisms of consultation with various sectors of society. In addition, in Nicaragua, UNDP, with support from the Government of Denmark, works to strengthen the capacity of the civil society to formulate proposals within the National Council of Economic and Social Planning (CONPES). CONPES participated in the preparation of the national poverty reduction strategy papers and the national budget for year 2001.

40. In Guatemala, UNDP is carrying out a series of activities in the fields of human development, poverty reduction and fiscal policy. UNDP provides information and technical assistance for public bodies and organizations of civil society and promotes alliances with these organizations, academic institutions and the media for the advancement of a common agenda.

B. Agricultural development

41. The Regional Unit of Technical Assistance for agricultural development (RUTA) has continued its operations during the period under review. This UNDP-administered project is executed by the World Bank and financed by the World Bank/Government of Japan Trust Fund, the IDB, the International Fund for Agricultural Development (IFAD), the Inter-American Institute of Cooperation in Agriculture (IICA), the Inter-American Institute of Cooperation in Agriculture, the Food and Agriculture Organization of the United Nations (FAO) and the Governments of Norway and the United Kingdom of Great Britain and Northern Ireland, in addition to in-kind contributions by Central American Governments. In direct contact with the ministries of agriculture, the project continues to provide assistance in developing policies and programmes for the modernization of the agricultural sector, with emphasis on poverty reduction and sustainable development.

42. During 2000, the Unit worked in the areas of small farm rural development, rural financial services, decentralization, trade policy and gender and indigenous issues. It has assisted in the preparation and implementation of investment projects that receive financial support from the international financial institutions. It has also supported the implementation and evaluation of many agricultural projects now ongoing in the region.

C. Health and nutrition

43. PAHO/WHO works to support the objectives of ALIDES in the health sector. During the period under review, it has provided support in strategic areas such as health and human development, health systems and services, health promotion and protection, environmental protection and disease control and protection. For their part, UNICEF, WFP and UNFPA, actively work both at the national and local levels to improve health in such areas as maternal and child health, water and sanitation, food security and nutrition, and reproductive health.

44. At the regional level, the United Nations system has contributed to the preparation of Central American projects in the area of health, sponsored by SICA. At the national level, in Honduras, support was given to the process of reform of the health sector, emphasizing priority strategies. In Nicaragua, PAHO/WHO and UNICEF cooperated in support of local integrated health systems (PROSILAIS), the immunization programme and maternal lactance. In El Salvador, PAHO and UNICEF have been involved in the provision of primary health care services and in the monitoring of the epidemiological situation, while UNFPA has provided training in human resources and technical assistance on sexual and reproductive health. In Guatemala, the United Nations system has provided support for the integrated care of prevalent childhood diseases, the rehabilitation of basic health infrastructure, control of cholera and medical assistance.

45. An important inter-agency theme is the human immunodeficiency virus/acquired immunodeficiency syndrome (HIV/AIDS). the Joint United Nations Programme on HIV/AIDS (UNAIDS) is playing a major role in supporting the national strategic plans, coordinating United Nations efforts and linking with non-governmental organizations (NGOs) and civil society. The UNAIDS publication *A Call for Action* was launched during the celebration of the World AIDS Day, on 1 December 2000.

46. The United Nations system has also worked to improve the level of food security. In Nicaragua, the first national food and nutritional security policy was approved. WFP continues to provide nutritional assistance for the populations affected by natural disasters, in cooperation with FAO and UNDP. The food-for-work activities have benefited thousands of families, particularly lactating women and children under the age of five, as well as school children through school feeding programmes. In El Salvador, FAO, PAHO and WFP have signed an agreement to cooperate in the production of data required to map vulnerability and to identify the level of food insecurity. The Institute of Nutrition for Central America and Panama (INCAP) has collaborated in these efforts, particularly in its key role of providing training for specialized professionals.

47. In the area of migration, which includes the phenomenon of people displaced as a consequence of natural disasters and of unfavourable socio-economic conditions, IOM implements a series of initiatives in Honduras, Nicaragua, Guatemala and Costa Rica, aiming at economic and social integration of the migrant populations. PAHO, with the support of the United States Agency for International Development (USAID), has developed a special project on health services for the migrant population in Costa Rica, directed at ensuring access to health services for the migrant population.

D. Public finance and economic growth

48. The activities of the ECLAC subregional headquarters in Mexico are closely linked to ALIDES. During the period covered by the present report, ECLAC supported ALIDES in the economic sphere, including analyses of the economic evolution, modernization and competitiveness of agricultural sector exports (sugar, banana, coffee), studies on the fiscal effects of trade liberalization and productive use of family remittances from abroad.

49. ECLAC is especially concerned with the promotion of policies in support of low-income families and ethnic groups, and the integration of women in the development process. With financial support from the German Agency for Technical Cooperation (GTZ), it has organized seminars on development of land markets for small producers.

50. ECLAC has also undertaken studies to contribute to hemispheric economic integration, and the development of the energy sector. A statistical report was issued on hydrocarbons in the Central American isthmus. The organization has also provided technical assistance for the participation of Central American countries in the Consultative Group held in Madrid.

E. Environment and sustainable development

Reduction of environmental vulnerability

51. During the period under review, the United Nations system has coordinated with the Central American Governments and regional institutions in establishing mechanisms for disaster prevention and mitigation, both at the national and regional levels. The United Nations disaster management teams are working to improve the overall coordination, and to incorporate provisions for pre-disaster contingency planning, assessment, targeting and implementation, logistic management, funding, reporting and information-sharing. The United Nations Disaster Management Training Programme (DMTP) has begun a new series of training activities in the region for the United Nations system and national institutions, starting with Nicaragua. UNDP, in coordination with national and regional institutions, such as the Centre for Coordination of the Prevention of Natural Disasters in Central America, has been working to strengthen both national legislative and administrative systems for disaster and risk management and capacities at the local level. In Nicaragua, for example, the first Law on the Prevention and Management of Disasters has been approved and a National Executive Secretariat for Disaster Prevention established. A new national law was approved in Costa Rica, leading to the formulation of the National Plan for the Prevention of Natural Disasters and Emergency Response. In Honduras, UNDP assisted the Government in designing a capacity-building programme for risk management and disaster reduction. In El Salvador, the United Nations system worked in support of the emergency and recovery efforts undertaken in the aftermath of the earthquakes that shook the country early in 2001. PAHO and UNICEF carried out coordinated activities regarding the rehabilitation of water systems and health facilities. Work is currently being done in the areas of disaster management, prevention and response and in

the decentralization of the national emergency system and promotion of public awareness. In Guatemala, UNDP, UNICEF, PAHO, WFP and United Nations Volunteers are working together to facilitate the formulation of government polices, and to strengthen local capacity to include vulnerability and risk analysis in national and local plans.

52. ECLAC continues to provide technical assistance and supports regional and national efforts to assess the economic, social and environmental impact of natural disasters. At the request of the Prime Minister of Belize, in October 2000, it produced an assessment of the damage caused by hurricane Keith in that country. PAHO and UNICEF joined the mission. ECLAC also published an extensive report on the socio-economic and environmental impact of the earthquake that struck El Salvador on 13 January 2001. ECLAC is currently reviewing its methodology of damage assessment, and seeks to promote, in association with IDB, the management of risk both in the socio-economic and environmental dimensions.

53. The World Food Programme has strengthened cooperation between humanitarian and disaster relief assistance in the framework of the reconstruction undertaken in the wake of hurricane Mitch and other natural disasters (such as droughts and earthquakes) that have affected the Central American countries during 2001.

54. Guatemala, Nicaragua and Honduras have prepared country programmes for the next five years in which the goal is to achieve sustainable improvement in food security, taking into account the government strategies for reducing food insecurity and poverty, placing strong emphasis on fostering the role and position of women. A similar programme is being implemented in El Salvador, focusing on school feeding and disaster preparedness. Strategic alliances and partnerships with United Nations and bilateral agencies and the increased involvement of communal organizations and NGOs are of key importance in enabling assistance to be extended to the poorest among the population, complemented with other types of interventions. In this way, over 1 million of the most vulnerable persons in these four countries will benefit from WFP assistance.

55. All the countries of the Central American region have a unit for vulnerability analysis and mapping established by WFP, which is the key element for identifying those areas and populations that are most vulnerable to food insecurity, and for characterizing the food insecurity and vulnerability issues faced in each of the areas to determine whether WFP food aid will be an appropriate input to the solution and, if so, how best to use it. The information provided by the unit is shared with government entities, United Nations agencies, bilateral donors and NGOs.

56. The Central American region is characterized by recurrent disasters, climatic earthquakes, volcanic eruptions and civil conflicts that have a direct impact on the poorest populations in rural areas. The recurrent nature of these events makes it difficult for the countries and their populations to recover from one event before another strikes. The country programmes and development projects include, as one of the main objectives, enabling poor households in disaster-prone areas to invest in development activities aimed at reducing vulnerability to recurring drought, flood and deforestation by adopting soil and water conservation practices on their farms and investing in training in community initiatives for disaster preparedness and mitigation, and enhancing the disaster response capacity at the national and local level through greater participation of communities and other relevant stakeholders.

Meso-American Biological Corridor and the Central American Fund for Sustainable Development

57. During the period under review, there has been progress in the implementation of this cooperation, born in the framework of ALIDES. UNDP manages the programme which is financed through its own resources, the Global Environment Facility (GEF) Trust Funds and the Capacity 21 Trust Fund, totalling approximately $25 million in seed capital. For its part, GEF is implemented by the World Bank, UNDP and United Nations Environment Programme. The counterpart is the Central American Commission on Environment and Development. The efforts include partnerships with the Inter-American Development Bank, GTZ and USAID.

58. It is estimated that the Meso-American region, which extends from Darien, Colombia, to Tehuantepec, Mexico, comprises between 6 and 12 per cent of the world's biodiversity. The initiative aims at creating a system of corridors to protect biodiversity and mitigate the effects of climate change and also promote long-

term sustainable development of the communities living in and around the corridor system. Its innovative approach should facilitate the creation of a network of protected areas and fragile zones throughout Central America, thus helping to reduce vulnerability to future disasters.

59. Along this initiative and coordinated with it, the Central America Fund for Sustainable Development (FOCADES) is being established. FOCADES is a private entity, created by the seven Governments of the region to facilitate the financing of the environmental component of ALIDES. The Fund will enable communities, private-sector firms, non-governmental organizations and other interested groups to receive funding for their investments and programmes that incorporate an environmentally sustainable approach to further the regional environmental objectives of ALIDES.

60. UNDP/GEF seed resources will be matched by additional co-financing from the countries of the region and from cooperating agencies and institutions.

VI. Institutional aspects and management capacity

61. The devastation caused by hurricanes Mitch and Keith and the earthquakes in El Salvador have been converted by the Governments of the region and by SICA into an opportunity to work together in the framework of ALIDES and to strengthen relations with the international community. The Consultative Group meetings held in Stockholm and Madrid have allowed intense consultations prior to and during the events and in the period of follow-up. They served the purpose of highlighting the fact that Central Americans are making progress in facing their development challenges and they need generous support from the international community. The Consultative Group meetings facilitated the establishment of partnerships between donors and national and subregional counterparts, in support of the development priorities of the beneficiary countries.

62. On the basis of the Consultative Group meetings and their follow-up activities, programmes and projects have been presented and have received support. What is important is that there be an ongoing process of restructuring of the institutional setting of international cooperation at the national and subregional levels that aims at improving management efficiency and transparency and that incorporates civil society participation in decision-making. It is equally important that coordination be ensured both in the region and within the international community.